

## Land grabbing by pension funds and other financial institutions must be stopped

Driven by high food prices, increasing demand for agrofuels, raw materials and grain fed livestock, and low returns from beleaguered financial markets, the number of corporations, governments, public and private financial institutions engaging in large-scale acquisitions of land in the global South is soaring, threatening the livelihoods and food sovereignty of countless local communities. Millions of hectares of land have been leased or bought up in recent years, mainly to produce food or fuel for the international market. As a result, peasants, herders, fishers and other rural households are being dispossessed of their means to feed themselves and their communities, sometimes through promises of jobs, sometimes at gunpoint. Land grabs are also resulting in land and water use changes, causing ecological destruction and climate change related emissions.

Investment funds, agribusiness and sovereign wealth funds are “investing” more and more in land, intending to make their investment portfolios more diverse in the face of global economic risks and to profit from the rise in land and commodity prices.<sup>1</sup> Land grabs are also being financed indirectly, when banks provide credit facilities to land grabbing companies, or when hedge funds and private equity firms buy stakes in overseas companies that control land.<sup>2</sup> Even governments are involved, through the for-profit development finance institutions that they run.

Pension funds are, at present, reported to be the largest institutional “investors” in farmland worldwide.<sup>3</sup> Yet the money used here is workers' retirement savings. This means that wage earners and citizens may be implicated in massive violations of the human rights of local farming communities, including their rights to food, land, water, an adequate standard of living, their cultural rights and their right to self-determination – in breach of international law.

With respect to this matter, **the undersigned civil society organisations and activist groups serve notice to these pension funds and other private and public financial institutions, and to the States** that are in a position to regulate them.<sup>4</sup> The human rights mentioned above imply the extraterritorial obligation of these **States to urgently ensure that these funds and institutions:**

- **Stop speculation on land and other damaging investments in the global food chain**, including land deals and financial participation in agribusinesses, where land grabbing cannot be excluded *ex ante*, and investing in complex financial products based on food commodity derivatives or agricultural land.
- **Publicly disclose complete information about any direct or indirect financing of land acquisitions** and other deals that might involve land grabbing. Such disclosure should be based upon diligent analysis of the entire investment chain, irrespective of whether or not the financial services provided are earmarked for land acquisition. This is required to break the culture of secrecy surrounding many of these deals, and to allow stakeholders and public interest groups to take action.
- **Be subject to mandatory, prior and independent assessment of the potential impacts of investments and products** on tenure rights, livelihoods, the environment and the progressive realisation of the right to adequate food. These assessments must enable fund managers and other financial institutions to prove at all times that they have no stakes in firms or in operations that are involved in land grabs.

1 The notion that their financial stakes in agricultural land amount to “investment” must be questioned. The World Bank estimates that up to 80% of large scale global land acquisitions announced in recent years are not under production (<http://go.worldbank.org/OAV3EK4F00>). Academic reports demonstrate rent-seeking behaviour in numerous cases ([http://www.future-agricultures.org/papers-and-presentations/doc\\_download/1324-hubert-cochet-and-michel-merlet-](http://www.future-agricultures.org/papers-and-presentations/doc_download/1324-hubert-cochet-and-michel-merlet-)). Private equity groups and many specialised farmland funds operate frequently on the basis of a high return five-year exit strategy. Civil society groups in a range of African countries have reported in the last few years that numerous deals turn out to be purely speculative. And land investors themselves point out that they can easily make their profits on simply renting or selling (“flipping”) the land (<http://farmlandgrab.org/post/view/20165>). How, where and by whom these investments are directed is key, as many of them can be harmful. There is increasing evidence that the most vital and largest share of investments in agriculture are made by family farmers themselves, and this is the type of investment to be supported ([http://www.ukfg.org.uk/pics/Yaounde\\_Agricultural\\_Investment\\_Farmers\\_Workshop\\_Synthesis\\_Report-EN\\_1.pdf](http://www.ukfg.org.uk/pics/Yaounde_Agricultural_Investment_Farmers_Workshop_Synthesis_Report-EN_1.pdf)).

2 Merian Research and CRBM: *The Vultures of Land Grabbing*, 2010 (<http://www.pambazuka.org/en/category/land/68535>).

3 Of the estimated U.S. \$100 billion that pension funds invest in commodities, some \$5-15 billion reportedly goes into farmland acquisitions. These commodity and farmland investments are expected to double by 2015. GRAIN: *Pension Funds: Key Players in the Global Farmland Grab*, June 2011 (<http://www.grain.org/article/entries/4287-pension-funds-key-players-in-the-global-farmland-grab>).

4 The following points are initial demands from Civil Society, and will be added to as more evidence and information becomes available. This statement follows the March 2012 Finance of Land Grab Civil Society Strategy Meeting in Brussels, and represents the first steps of an emerging process.



Friends of the Earth Europe



Oxfam International



ActionAid International (Europe)



GRAIN



FIAN International



Friends of the Earth International



European Network on Debt and Development



CIDSE



RE:COMMON

Re:Common [formerly, Campagna per la riforma della Banca Mondiale]



World Economy, Ecology & Development (WEED)

weed



global witness

Global Witness



International Federation of Organic Agriculture Movements (IFOAM)



Rosa Luxemburg Foundation Brussels



Food & Water Europe



Institute for Agriculture and Trade Policy (IATP)



The Grassroots Foundation

**CARBON  
TRADE  
WATCH**

El Col·lectiu d'Investigació  
per la Justícia  
Mediambiental (CIJM)

Carbon Trade  
Watch  
International



The Kenya  
Debt Relief  
Network  
(KENDREN)



UK Food  
Group



Food Ethics  
Council



The National  
Farmers Union  
(Canada)



CNCD  
11.11.11



Südwind



Friends of the  
Earth Sweden  
(Jordens  
Vänner)



La  
Confédération  
paysanne



Attac Austria



Ecologistas  
En Acción



Friends of the  
Earth  
Denmark  
(NOAH)



Global  
Responsibility



Slow Food



Brot für die  
Welt



Solidarity  
Sweden-Latin  
America



Save Our  
Seeds



Both Ends



Friends of the Earth Netherlands (Milieu-Defensie)



Friends of the Landless Finland



Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission



Attac France



Friends of the Earth Austria (Global 2000)



Foundation on Future Farming



Xarxa de l'Observatori del Deute en la Globalització (ODG-Debtwatch)



Platform Aarde Boer Consumert



Salva la Selva (Spain)



Biofuelwatch, UK



Solidarité



Friends of the Earth Finland (Maan Ystävät)



Mani Tese (Italy)



Anywaa Survival Organisation (ASO)



Friends of the Earth (England, Wales and Northern Ireland)



ARC



Framtids-  
jorden,  
Future Earth



Rettet den  
Regenwald  
(Germany)



ECA Watch  
Austria



Pacific-  
Network  
Germany



Bread for all



Action  
Solidarite  
Tiers Monde



Öko + Fair  
ernährt mehr!  
(Weltladen-  
Dachverband  
and Naturland)



The Gaia  
Foundation



Africa Groups  
of Sweden



Terra Nuova



Etika



Compassion  
in World  
Farming



Lok Sanjh  
Foundation



Collectif pour  
la Défense  
des Terres  
Malgaches  
(TANY)



Dorset Small  
Producers  
Network